

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY STOCKHOLM

INFO USMISSION EC BRUSSELS

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

C O N F I D E N T I A L STATE 124188

E.O. 11652: GDS

TAGS: TECH, SW

SUBJECT: SWEDISH COOPERATION IN US URANIUM ENRICHMENT
ENTERPRISE

1. AT REQUEST SWEDISH EMBASSY IN WASHINGTON, DEPT AND
ERDA MET MAY 23 WITH REPRESENTATIVES OF SWEDISH EMBASSY
AND ASEA TO DISCUSS POSSIBLE ASEA PARTICIPATION IN CENTAR
CENTRIFUGE ENTERPRISE BEING ORGANIZED BY ELECTRO-NUCLEONICS
AND ATLANTIC RICHFIELD. PRIOR TO MEETING, DEPT HAD BEEN
ADVISED BY LOCAL US ADVISORS TO ASEA THAT SWEDEN WAS
LIKELY TO PRESS FOR AMENDMENT TO AGREEMENT FOR
COOPERATION WHICH WOULD ALLOW TRANSMITTAL OF CLASSIFIED
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INFORMATION, AND FOR ASSURANCES THAT SUCH INFORMATION
WOULD IN FACT BE TRANSMITTED AT LATER STAGE OF
COOPERATION.

2. ASEA REP DESCRIBED FOLLOWING CATEGORIES OF POSSIBLE PARTICIPATION: (A) POTENTIAL INVESTORS IN CENTAR (INFORMALLY MENTIONED POSSIBILITY OF APPROXIMATELY 10 PERCENT EQUITY PARTICIPATION PLUS UNSPECIFIED DEBT FINANCING); (B) PROSPECTIVE CUSTOMERS FOR ENRICHED URANIUM OUTPUT (QUANTITIES NOT NECESSARILY RELATED TO PERCENTAGE FINANCIAL PARTICIPATION); (C) SUPPLIER OF COMPONENTS, OTHER THAN CENTRIFUGE, FOR USE IN US FACILITY; (D) LONG RANGE FUTURE POSSIBILITY OF ENRICHMENT PLANT IN SCANDINAVIA

(PERHAPS IN LATE 1980'S OR 1990'S); AND (E) POSSIBLE FUTURE SALE OF COMPONENTS FOR INSTALLATION IN THIRD COUNTRIES.

3. AS POTENTIAL SUPPLIER OF AUXILIARY COMPONENTS TO CENTAR FACILITY IN US, ASEA FORSEES POSSIBILITY OF DEVELOPING POWER SUPPLY SYSTEM AND PROCESS MONITORING AND CONTROL SYSTEMS. THEY WILL NEED TECHNICAL INFO ON INTERFACE OF THESE SYSTEMS WITH PROCESS EQUIPMENT ITSELF, IN PROPOSED CENTAR FACILITY, BUT ARE CURRENTLY UNCERTAIN WHETHER THIS WILL REQUIRE ACCESS TO CLASSIFIED INFORMATION. ASEA REP REPEATEDLY EMPHASIZED THEY ARE NOT RPT NOT SEEKING CLASSIFIED INFO ON CENTRIFUGE ITSELF. THEY WILL DEFINE BY MID-JUNE THE INFO THEY NEED; THEN CENTAR WILL WORK WITH ERDA TO DETERMINE IF ANY OF IT IS CLASSIFIED.

4. ASEA AND CENTAR APPRECIATE ADVANTAGE OF MINIMIZING ACCESS TO CLASSIFIED DATA AND ARE WILLING TO DISCUSS POSSIBLE ACCOMMODATIONS WITH ERDA. ASEA MENTIONED POSSIBILITY THAT SOME DEVELOPMENTAL WORK ON COMPONENTS IT WISHES TO SUPPLY MIGHT BE DONE IN ITS US FACILITIES, BUT NOT YET DETERMINED WHETHER THIS DESIRABLE OR FEASIBLE. EXPECT TO SELL THEIR COMPONENTS TO CENTAR ON COMPETITIVE BID BASIS AND THEN WOULD HOPE PARTICIPATE IN INSTALLATION OF THIS EQUIPMENT IN CENTAR DEMONSTRATION PLANT IN US.
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5. ASEA IS NOT RPT NOT PRESSING FOR USG ANSWER ON LONG-RANGE ACCESS TO CLASSIFIED CENTRIFUGE TECHNOLOGY FOR FACILITY THAT MIGHT BE CONSTRUCTED IN EUROPE. DECISION ON POSSIBLE CONSTRUCTION OF ENRICHMENT PLANT IN SCANDINAVIA LIES SOME YEARS AHEAD AND ASEA IS CONTENT TO APPROACH PROBLEM ON STEP-BY-STEP BASIS. IF JOINT VENTURE FOR SCANDINAVIAN PLANT LATER DEVELOPS THEY MENTION POSSIBILITY OF HAVING CENTRIFUGES MANUFACTURED IN US AND EXPORTED TO EUROPE, BUT RECOGNIZE THAT THIS WOULD NOT NECESSARILY SOLVE CLASSIFICATION PROBLEM.

6. US REPRESENTATIVE (OES-KRATZER) WELCOMED SWEDISH INTEREST IN PRINCIPLE AS EVIDENCE INTERNATIONAL COOPER-

ATION IN ENERGY PROGRAMS. EXPLAINED US COULD NOT DETERMINE WHAT FUTURE AUTHORIZATIONS MIGHT BE NECESSARY UNTIL ASEA, CENTAR, AND ERDA ESTABLISH WHETHER ANY ACCESS TO CLASSIFIED INFO MAY BE REQUIRED. RECALLED US HAD ANNOUNCED TO PROSPECTIVE COOPERATORS PERTINENT CRITERIA OF FOREIGN POLICY COMPATIBILITY, INTERNATIONAL SECURITY, DOMESTIC US FUEL SUPPLY REQUIREMENTS, AND COMPENSATION FOR US TECHNOLOGY, PLUS FACTORS OF IEA MEMBERSHIP, NPT ADHERENCE, AND MULTI-NATIONAL PARTICIPATION AS DESIRABLE FEATURES. MENTIONED THIS IS FIRST CASE OF ITS KIND SO CAREFUL EXAMINATION OF ALL FACTORS CAN BE ANTICIPATED. NO COMMITMENTS WERE MADE BY US REPS TO AMEND BILATERAL AGREEMENT OR AUTHORIZE ADDITIONAL TRANSFERS OF CLASSIFIED OR UNPUBLISHED PROPRIETARY DATA.

7. FYI COMMENT: SWEDISH APPROACH WAS MUCH LESS COMPREHENSIVE THAN DEPT HAD ANTICIPATED ON BASIS EARLIER CONVERSATIONS WITH CENTAR COUNSEL. END FYI. INGERSOLL

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